

## **Working Students Act**

The rising cost of higher education has made it almost impossible for the average student to afford college without a combination of student loans, federal student aid and, at least, a part-time job. Sixty-six percent of college students work either full-time or part-time while enrolled in school to make up the difference between financial aid assistance and the cost of college.

### **Problem:**

To help average students afford higher education, students are allowed to earn a certain amount of income, known as the Income Protection Allowance (IPA), without it affecting the student's eligibility for need-based student financial aid, like Pell grants. The current IPA levels are set at unrealistically low levels and do not reflect a student's actual living expenses. For hard-working students that earn more than the IPA threshold, their financial aid is reduced by half of any income that remains after subtracting the allowed amount. This work penalty causes an endless cycle of needing to work more in order to cover the ever decreasing amounts of available financial aid.

### **Solution:**

The Working Students Act helps reduce the unmet financial need of hard-working students without forcing them to take on more debt. Specifically, the bill would increase the Income Protection Allowance by 35 percent for all types of students (i.e. dependent, independent and independent students with dependents) without reducing their federal aid eligibility. Under the bill, a working single parent with two children can earn approximately \$10,000 more without endangering their financial aid, a dependent student can earn up to \$2,209 more before their income impacts their financial aid award and an independent student, could earn \$3,434 more in the next school year.

The Working Students Act has been endorsed by the United States Student Association, National Skills Coalition, American Federation of Teachers, Opportunity Nation, Association for Career and Technical Education, Third Way and Young Invincibles. Senator Tammy Baldwin (D-WI) introduced the Senate companion measure.